



DIVISIONS  
ENERGY  
GAS AND OIL  
GEOLOGY AND MINERAL RESOURCES  
MINED LAND RECLAMATION  
MINERAL MINING  
MINES  
ADMINISTRATION

# COMMONWEALTH OF VIRGINIA

*Department of Mines, Minerals and Energy*

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## Over \$2 Million in Natural Gas Royalty Payments Disbursed to Claimants by Virginia Gas and Oil Board

**Big Stone Gap, VA** – In the twelve month period ending September 30, 2011, \$2,032,452.96 in natural gas royalty payments were disbursed from a state-managed escrow account to claimants who have settled conflicts over the ownership of the gas. The amount of money disbursed by the Virginia Gas and Oil Board reflected an increase as more settlements were reached by conflicting claimants or were decided by courts. The Virginia Department of Mines, Minerals and Energy's Division of Gas and Oil, which serves as staff to the Board, processes the payments as settlements are reached.

Disbursements were made from 53 well accounts. The top three companies disbursing funds were CNX Gas Company, LLC; EQT Production Company; and Range Resources – Pine Mountain.

The interests of people owning the gas or oil in a "drilling unit" designated by the Virginia Gas and Oil Board must be pooled together to ensure that all of the owners are paid for the gas or oil they own within the unit. Some people voluntarily agree to pool their gas by selling it or by entering into a lease, joint operating agreement or other contract with the operator of the well and other owners

If owners cannot voluntarily agree before a well is to be developed, the well operator petitions the Virginia Gas and Oil Board to allow the well development and to place proceeds from gas or oil sales into an escrow account, a process called force pooling. The Board orders payment of principal and accrued interest, less account fees and allowable deductions from the escrow account only after:

- Final determination of a court of competent jurisdiction adjudicating the ownership;
- A determination is reached by an arbitrator; or
- An agreement among all claimants owning conflicting estates in the tract in question is reached.

Funds may also be disbursed if any unknown or unlocatable persons are discovered and a petition is filed to the Board.

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